



Via Email

July 29, 2015

M. Alexander Koch
Assistant Director, Division of Enforcement
Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-5041

Re: FINRA Investor Education Foundation Report Concerning
Use of Global Research Analyst Settlement Funds During 2015

Dear Mr. Koch:

On behalf of the FINRA Investor Education Foundation (Foundation), I am pleased to provide the attached final version of our final report concerning the use of Global Research Analyst Settlement Funds (GRAS Funds) during 2015.

As previously highlighted in my May 8 and June 18, 2015 letters, the Foundation fully expended the GRAS Funds in March 2015 and began allocating 100 percent of expenses to FINRA-contributed funds. To meet our obligations under the September 2, 2005 Order (Order), we will provide audited financial statements for the four-month period ending April 30, 2015. We have retained Ernst & Young LLP to perform the audit, which is well underway. We plan to submit this final audit to the SEC on or before August 31, 2015. Once the SEC has filed the audit with the Court, we believe the Foundation will have fully satisfied our obligations under the Order.

Please call me at 202.728.8348 or send an email to gerri.walsh@finra.org if you have any questions or need additional information.

With best regards,

A handwritten signature in black ink that reads "G M Walsh". The signature is written in a cursive, flowing style.

Geraldine M. Walsh
President

Enclosure (as stated above)



FINRA Investor Education Foundation

Report to the SEC of the Global Settlement Funds

For the Four Months Ended April 30, 2015

7.29.2015

The FINRA Investor Education Foundation supports innovative research and educational projects that give investors the tools and information they need to better understand the markets and the basic principles of saving and investing.

Executive Summary

From inception in 2004 through the end of the reporting period, the FINRA Investor Education Foundation (Foundation) has approved more than \$99.8 million in investor education and protection initiatives through a combination of grants (279 total) and targeted projects—and has operated using FINRA-contributed funds and services plus the Global Settlement Funds (Funds). As of April 30, 2015, the cumulative total of the Funds—amounting to \$60.0 million,¹ including \$55.0 million specified in the September 2, 2005 Order plus nearly \$5.0 million in interest and dividends—have been fully distributed. Once the eligible expenditures reached \$60.0 million, the Foundation reverted to allocating 100 percent of expenses to FINRA-contributed funds.

Approvals & Commitments: During the first four months of 2015, the Foundation's Board of Directors (Board) approved, by unanimous written consent, retention of Ernst & Young LLP to perform a final audit of the Foundation's financial statements, as required by the Court Order. The audit—which will commence in late June and be submitted to the Securities and Exchange Commission on or before August 31, 2015—covers the period from January 1 to April 30, 2015.² Separately, throughout the period covered by this report, the Foundation continued to support previously approved grant programs and targeted projects.

Expenditures: By April 30, 2015, the Foundation expended all of the Funds. Specifically, \$55.9 million was distributed to grantees and project partners, and \$4.1 million was used to pay general and administrative expenses. The chart below provides a high level snapshot of cumulative expenditures.

Cumulative Expenses from Global Settlement Funds

April 30, 2015	Cumulative Incurred
Grant Programs	
General Grant Program	\$ 9,116,493
Library Grant Program	6,122,503
United Way Grant Program	5,051,201
Investor Advocacy Clinic	1,360,783
Improving Disclosure to Investors	672,776
Life-Cycle Investing Program	429,574
Grant Programs Total	22,753,330
Targeted Projects	
Military Financial Readiness Project	12,373,126
Investor Protection Campaign	16,781,450
National Financial Capability Study	856,451
Teen Financial Literacy Project	2,890,937
Capacity-Building Staff Training Programs	167,941
Student Debt Project	42,000
Targeted Projects Total	33,111,905
General and Administrative	
Program Related	2,756,427
Other	1,330,834
General and Administrative Total	4,087,261
Total	\$ 59,952,496

¹ The total amount of Funds, including principal and dividends, equaled \$59,952,496.

² No audit fees for 2015 were charged to the Global Settlement Funds; all related fees are to be paid only with FINRA-contributed Funds.

FINRA contributes services to the Foundation in the form of management oversight, program staff and certain administrative services, including communications, legal, financial, tax and treasury. The value of these services, which are provided at no charge to the Foundation, is excluded from the previous table. For the four months ended April 30, 2015, the value of the contributed services is approximately \$1.1 million. This contribution greatly reduces the administrative expenses incurred by the Foundation and maximizes resources devoted to achieving the Foundation's mission.

FINRA's letter to the Court dated September 2, 2005, stated that FINRA would continue to fund the Foundation in the same proportion (1.9 percent) used in relation to FINRA's 2004 overall operating budget. To ensure compliance with this requirement, FINRA management, on at least an annual basis, reviewed the balance of the FINRA-contributed funds as a percentage of FINRA's operating budget for a given year and determined whether the percentage continued to be at least 1.9 percent. Upon performing this review, management confirmed that the balance of the FINRA contributed-funds as a percentage of FINRA's operating budget exceeded the minimum requirement.

On February 12, 2015, the FINRA Board of Governors approved a \$50,000,000 contribution to the Foundation to provide continuing support for the Foundation's innovative research and education efforts.

I. Summary of Activity in the Four Months Ended April 30, 2015

The Foundation Board did not convene during the first four months of 2015. Board meetings for 2015 are scheduled for June 16, August 18, September 29 and December 16.

A. Grant Programs

In 2015, the Foundation is offering new grants through three grant programs: the General Grant Program; Smart investing@your library[®]; and Financial Education in Your Community. In addition to accepting applications through these ongoing grant opportunities, the Foundation managed 87 active grant projects, 12 of which reached completion during the first four months of 2015. Resources and research resulting from Foundation-funded projects are publicly available on the Foundation's website, www.finrafoundation.org.

- i. **General Grant Program** – Through the General Grant Program, the Foundation funds research and educational projects that support its mission of providing underserved Americans with the knowledge, skills and tools necessary for financial success throughout life. We offer rolling deadlines for submission of Project Concept Forms. Applicants whose projects closely align with the Foundation's priorities are invited to submit a full grant proposal for consideration at one of the Foundation's Board meetings. Since 2004, the Foundation has awarded 70 grants through the General Grant Program and specific Requests for Proposals.

Foundation staff reviewed 38 project concepts received in time for consideration at the June 16, 2015 Board meeting. Three from this pool were invited to submit full proposals for Board consideration. The Foundation also continued to provide assistance and oversight for five education³ and research⁴ projects previously approved under the General Grant Program. One of these projects reached a successful conclusion during the period.

³ Descriptions of educational grants funded by the Foundation through the General Grant Program are available at www.finrafoundation.org/grants/awarded/education. During the period, the Foundation managed one education grant to Operation Hope.

⁴ Descriptions of research grants funded by the Foundation through the General Grant Program are available at www.finrafoundation.org/grants/awarded/research. Open research grants included Boston College Center for Retirement Research, Montana State University, University of Kansas and University of Maryland.

- With a grant of \$108,722, researchers at Boston College used data from the National Financial Capability Study (NFCS) to examine the relationship between a household's assessment of its current financial condition and different factors that contribute to financial well-being. The study investigated whether household self-assessments of financial condition primarily reflect day-to-day (rather than long-term) concerns and whether age, income, education and financial literacy affect the extent to which retirement savings deficits are reflected in household self-assessments of financial condition. Results strongly confirming the primary hypothesis—that financial satisfaction is largely driven by day-to-day financial concerns—are reported in a working paper and two issue briefs:
 - *What Do Subjective Assessments of Financial Well-Being Reflect?* (working paper, March 2015) concludes that self-assessments mirror day-to-day conditions “even if the household’s day-to-day finances are in reasonably good shape,” and that such assessments are “a poor measure of financial well-being.”
 - *Americans Are Shortsighted about Their Finances* (issue brief published February 2015) concludes that NFCS data “show only weak support for the notion that financial literacy will increase households’ focus on long-run financial issues,” and that there is a “need to reduce reliance on individual decision-making by making it both easy and automatic for individuals to save.”
 - *Are Americans of All Ages and Income Levels Shortsighted about Their Finances?* (issue brief to be published in late May 2015) uses NFCS data to explain that “worker financial assessments are present-minded at all ages and income levels,” and therefore workers across the board “cannot be expected to devote much effort to addressing distant financial needs” such as retirement.

At the time of the final grant report, the working paper and issue briefs had a combined total of nearly 3,000 page views on the Boston College Center for Retirement Research website. The study findings have been reported in a number of publications and blogs.

- ii) **Smart investing@your library[®]** – The Foundation’s collaboration with the American Library Association (ALA) is designed to support community-level financial and investor education through public libraries, library networks and community college libraries nationwide. Since 2007, the Foundation has awarded 133 Smart investing@your library[®] grants to libraries and library networks throughout the U.S.

During the first four months of 2015, Foundation and ALA staff managed a portfolio of 48 grant projects, 19 of which were approved at the December 2014 Board meeting.⁵ Representatives from the new sites gathered at ALA’s Midwinter Conference in Chicago in January for a training seminar that covered project management, social marketing, evaluation, partnerships for financial education and staff development strategies. As with previous seminars for new grantees, much of the training content was provided by veteran project principals. This ensured that the training was well grounded in professional practice. All new projects were underway by February, and many began offering public programming in time for Financial Literacy Month (April). Seven grants⁶ reached a successful conclusion during the first four months of 2015.

⁵ Descriptions of Smart investing@your library[®] grant awards are available on the Foundation’s website at www.finrafoundation.org/grants/awarded/library and on the ALA’s website at www.smartinvesting.ala.org.

⁶ Libraries concluding grant projects in the first four months of 2015 include: Fayetteville Public Library (AR); Georgetown County Library (SC); Hartford Public Library (CT); Ida Rupp Public Library (OH); Public Library of Cincinnati & Hamilton County (OH); St. Louis County Library District (MO); and Troy Public Library (MI).

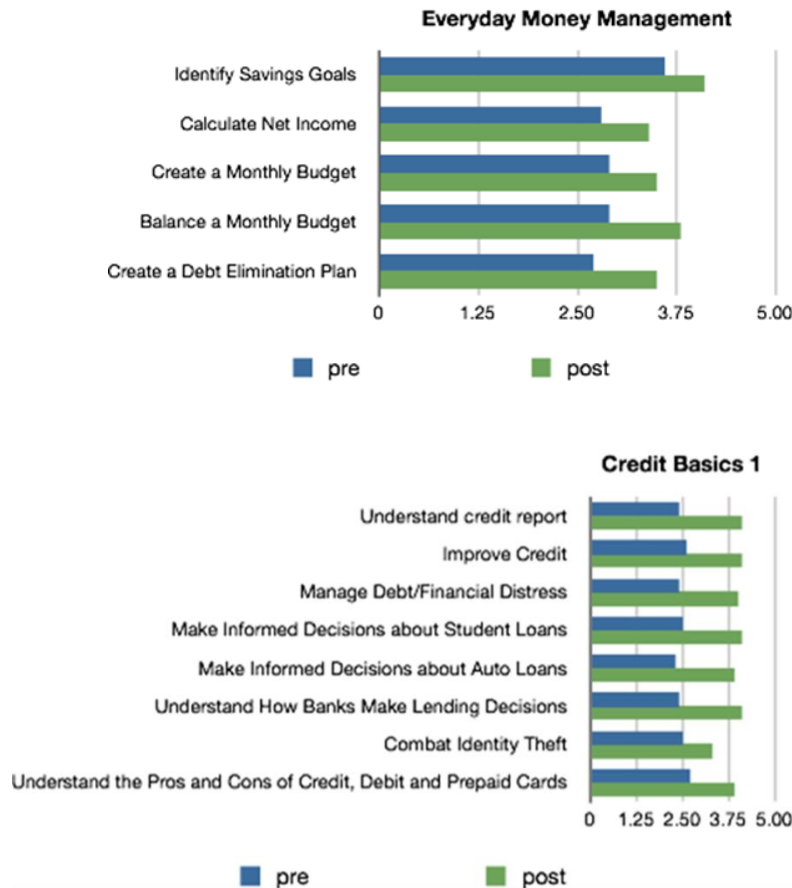
A summary of two recently concluded grants follows:

- With a \$99,980 grant, Hartford (CT) Public Library offered a series of financial literacy workshops for families with children and for young adults in high school and college. Workshop participants expanded their knowledge and skills related to budgeting, credit, paying for college, buying a new vehicle, planning for future financial needs and the basics of investing. The library also integrated financial literacy education into its summer reading programs at branch facilities.

During the course of the grant term, the library:

- Conducted youth and adult financial literacy programming at five library branches serving low-income communities. The programming addressed: saving for a goal; needs vs. wants; avoiding financial fraud/scams; working to earn money; budgeting; understanding money math; transitioning to financial independence; and understanding the U.S. financial system (for recent immigrants from Burma, Bangladesh, and Kenya). The curriculum was based on the *Money on the Bookshelf* program developed by the University of Nevada Cooperative Extension, the FDIC *Money Smart* program and *Money as You Grow* (a website developed in response to a recommendation by the President's Advisory Council on Financial Capability). Participating branch libraries delivered 67 programs for 1,393 participants.
- Established a partnership with Hartford Communities that Care (HCTC, a youth service organization) and delivered a seminar series for 23 teens as part of HCTC's workforce development program. The seminars addressed: budgeting and cash management; long-term and short-term savings; credit, debit, and pre-paid cards; auto loans; applying for jobs; and choosing a career path.
- Delivered a series of family workshops for 320 participants on budgeting, saving for the future, credit, debt management, coping with financial distress and frugal shopping.
- Collaborated with Capital Community College to deliver workshops for community college students and for teens from a nearby magnet school. The workshops formed part of the college's *Lunch, Learn, Life Skills* series and covered: budgeting and cash management; understanding your paycheck; managing household expenses; establishing emergency savings; reaching long-term savings goals; living within your means; avoiding pitfalls of checking accounts and debit cards; how lenders make decisions; understanding credit bureaus and credit scores; how to prevent identity theft; and the pros and cons of credit cards, secured credit cards, debit cards, and pre-paid cards. Participation totaled 319.
- Partnered with three local senior centers to offer an instructional series on budgeting, dealing with debt, managing bank accounts and avoiding financial fraud. Participation totaled 137.
- Trained staff at branch libraries to deliver youth programming.
- Prepared evaluation frameworks and instruments, and conducted data collection efforts. Key findings include the following:
 - Among younger participants (pre-teens), the programming was effective in creating positive attitudes toward savings and an understanding of the importance of saving. Pre- and post-program surveys indicated that the number of participants saving at least some of their money increased by nearly 19 percent.
 - Among parents and caregivers, 92 percent reported an increase in their knowledge of methods to teach children about money management.

- Among community college and high school students, 93 percent rated program instruction and materials helpful or very helpful, and 92 percent indicated that their overall ability to manage their financial lives improved as a result of the programming.
- For community college and high school students, the various seminars yielded pre-to-post improvements in confidence levels across a variety of money management and credit topics (1=very low confidence; 5=very high confidence):



- Adult participants experienced a 20 percent increase in their confidence levels (pre- to post-session) related to resolving financial distress, understanding money management, creating budgets and improving credit.
- Among older adults (55+), 82 percent rated program instruction and materials helpful or very helpful, and 80 percent indicated that their overall ability to manage their financial lives improved as a result of the programming. Participants improved their confidence levels related to prioritizing spending, creating a budget and keeping track of spending.
- The library was successful in expanding its financial literacy collections. Circulation of relevant materials increased by 20 percent during the course of the grant term.

The library reports that it will work with its partners to sustain financial literacy programming at the five participating libraries and expand it to five additional libraries in the system. The library is also in conversations with three housing agencies to grow the program at affordable housing locations.

- With a \$99,315 grant, Fayetteville (AR) Public Library collaborated with local nonprofits and higher education institutions to demonstrate financial planning strategies for

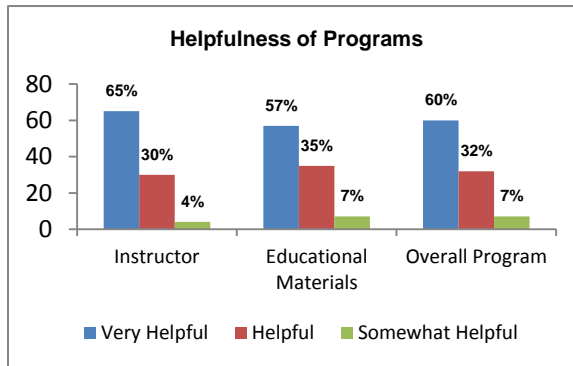
households living paycheck to paycheck, allowing them to save for future expenses and for retirement. The partners gave particular attention to multigenerational households in neighborhoods experiencing the greatest economic hardship, with the goal of helping to break the generation-to-generation cycle of financial struggle.

During the course of the grant term, the library:

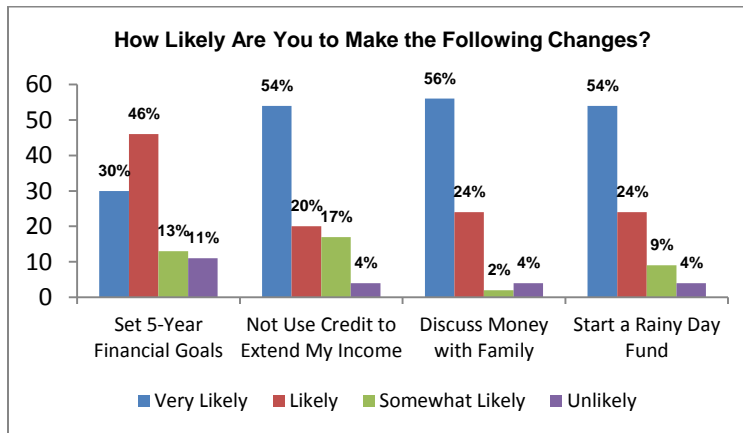
- Established instructional partnerships with the local consumer credit counseling service, the University of Arkansas and other organizations to conduct 54 family financial literacy events with a total participation of 1,916. These events took place at the library, Head Start programs, local churches and community service organizations.
 - Partnered with the Arkansas Securities Department to provide sessions on investing basics, investment fraud and retirement planning, as well as a series designed to demonstrate financial planning strategies for households living paycheck to paycheck. The latter targeted Fayetteville's multigenerational, low-income families.
 - Partnered with Fayetteville Senior Center to host a three-part series on managing a budget during the retirement years, saving strategies for seniors and avoiding financial scams.
 - Conducted events for Head Start families based on the *Money as You Grow* framework (developed in response to a recommendation by the President's Advisory Council on Financial Capability). The Head Start programs helped parents learn strategies for teaching their children important financial concepts and behaviors.
 - With Credit Counseling of Arkansas, delivered "financial bootcamp" sessions on credit, credit repair, reducing debt and home-buying.
 - With the University of Arkansas Center for Economic Education, delivered an afterschool workshop called "Money Doesn't Grow on Trees," focusing on money management skills for elementary-age children.
 - With the Washington County Extension Service and Woodland Junior High School, delivered "Get Real Here's the Deal" classes for teens. This three-day, hands-on simulation provided young people the opportunity to experience their future in a financial decision-making mode. The program focused on clients of Court Appointed Special Advocates for abused and neglected children. An Extension agent lead the instruction at each session, and library staff helped the students navigate the simulation stations.
 - With Cooperative Extension staff, organized the teen component of the project in partnership with middle schools in Fayetteville, and conducted events to coincide with eighth-grade career orientation classes. The project partners also facilitated training for middle school teachers.
- Conducted library staff training activities, both in-person and online, with assistance from Credit Counselors of Arkansas, the University of Arkansas Center for Economic Education and the Arkansas Securities Department. Approximately 59 percent of all library staff participated in project-related training; 100 percent of adult services and reference librarians completed an online training course and subsequently modeled appropriate reference interview techniques as described in the online course. The staff training focused on financial information resources, money management, credit, retirement planning and investing topics. Assessments indicate a high level of subject-matter knowledge following course completion. The majority of staff training participants (80 percent) reported adjusting their own

personal finance practices and plans as a result of the training; 95 percent reported an increase in their ability to read a credit report; 87 percent reported that they were likely or very likely to set five-year financial goals; and 96 percent reported that they were likely or very likely to establish an emergency savings fund.

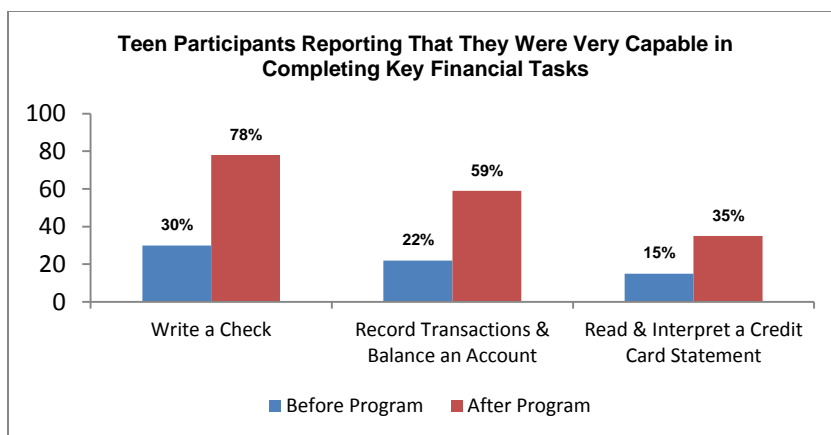
- Upgraded and expanded personal finance collections and promoted use of these collections. The University of Arkansas Center for Economic Education provided guidance on collection development.
- Prepared data collection instruments and coordinated third-party project evaluation efforts. Evaluation data indicate:
 - 92 percent of adult participants found the workshop sessions helpful (32 percent) or very helpful (60 percent) in improving their financial capability.



- As a result of attending workshops, 95 percent of adult participants had plans to make a change to their financial practices.



- Following the workshops, more than 84 percent of participants indicated that they were “somewhat confident,” “confident” or “very confident” in their ability to reduce personal debt; 88 percent reported confidence (from somewhat to very) in setting financial goals; 74 percent expressed confidence in starting an emergency savings fund; and 77 percent reported confidence in their ability to save money regularly.
- Teen participants improved their personal finance knowledge by 35 percentage points. Specifically, teens increased their understanding of: the difference between gross and net income; the importance of balancing income and expenses; the impact of financial decision-making on a household budget; and the effect of education on career opportunities. Teen participants also increased in their ability to write a check, record transactions, reconcile an account and read a credit card statement.



- Relevant library collections expanded 58.9 percent over pre-grant levels. Patron use of personal finance and investing resources increased 50.2 percent over pre-grant levels. Use of investing databases increased 80 percent over pre-grant levels.

The library reports that it will allocate an average of 10 percent of its regular annual outreach budget to continue the grant-initiated programming going forward. Collection development in personal finance will also continue and will be funded through the regular collections budget. The Fayetteville Public School System will work with the library to continue teen programming during the 2015–16 school year. Home-buying workshops are already scheduled for fall 2015 in partnership with Credit Counseling of Arkansas. Legal clinics led by the University of Arkansas Law School to help homeowners facing foreclosure are also expected to continue in the fall. The library's partnership with the Extension Service has been renewed and will focus on outreach to the local schools. And the library has established a new partnership with Upward Bound to integrate financial literacy into existing programs conducted by both organizations.

Over the winter and spring, ALA and the Foundation revamped the Smart investing@your library[®] website (<http://smartinvesting.ala.org/>). The site is now oriented to helping any public library acquire the ability to establish a financial literacy initiative of its own. We added manager tools to assess staff competencies related to personal finance, additional evaluation guidance, tools to improve relevant collections and 15 self-paced professional development courses for library staff (see I.B.v., Capacity Building Training Programs).

- ii. **Financial Education in Your Community** – The Foundation's partnership with United Way Worldwide (UWW) is designed to build the capacity of regional and local community-based organizations to meet the financial education needs of underserved working individuals and families. The Foundation and United Way provide resources and technical assistance to grantees throughout the grant term. Since 2009, the Foundation has awarded 68 Financial Education in Your Community grants to community-based nonprofits.

During the first four months of 2015, the Foundation executed agreements with the 12 grantees approved by the Board in December 2014. Project leaders, along with their primary partners, subsequently met for a training workshop at United Way Worldwide in Alexandria, Virginia. As in previous years, the workshop helped grantees to form a peer network and develop skills and knowledge to provide effective financial education in their communities. The training program focused in particular on social marketing strategies, outcomes-based evaluation and grant management. Five grantees from earlier rounds of funding made presentations based on their practical experiences with program implementation. The workshop also included a discussion about best practices identified through the program evaluation. Project implementation is fully underway at each new site.

Foundation and UWW staff provided oversight for 32 grants and continued to encourage peer-to-peer communication among all organizations that have received grants since the program launched in 2009.⁷ Four grants⁸ concluded during the first four months of 2015. A summary of two recently completed projects follows:

- With a \$141,144 grant, Aloha United Way partnered with the Hawaii Council on Economic Education and Hawaii Community Assets to provide the training, resources and support necessary to integrate financial education in schools and with the programs of social service agencies assisting at-risk youth. During the course of the grant term, the participating agencies provided financial education to 1,092 young adults between the ages of 16 and 22.

During the course of the grant term, project partners:

- Conducted seven Kahua Waiwai (economic self-sufficiency) training workshops for 91 individuals representing 27 youth-service organizations. Workshops focused on: decision-making and opportunity costs; banking and savings; credit and debt; security and scams; and planning for the future. The training also addressed the cultural competencies required to deliver effective financial education programs and services for Hawaiian youth. Three booster workshops for trained participants covered: saving and spending; effective use of interactive games and activities; and credit, credit reports and identity theft.
- Conducted individual appointments with 22 training participants from 17 agencies to provide personalized assistance with integrating the financial education into school programs and existing youth services. By the end of the grant term, a number of schools and youth-serving organizations had successfully integrated financial literacy into their work:
 - Kealakehe Middle and High Schools on Hawaii Island formed a partnership with Neighborhood Place of Kona, the Hawaii Island Youth Corps and Friends of the Future to provide Kahua Waiwai training during in-school instruction.
 - Roosevelt High School partnered with Kula No Na Poe Hawaii to provide 8th grade Pacific Island and Native Hawaiian students with the Kahua Waiwai program as a part of a career guidance course for at-risk youth.
 - Waianae and Nanakuli High Schools formed a partnership with University of Hawaii West Oahu to provide students enrolled in GEAR UP with the Kahua Waiwai program both in school and via after-school family programs. GEAR UP is a U.S. Department of Education program to increase the number of low-income students who are prepared to enter and succeed in postsecondary education.
 - Hawaii Youth Challenge Academy, a program of the National Guard of the Island of Oahu, now requires cadets to complete the Kahua Waiwai program as a graduation requirement. Hawaii Community Assets is continuing to work with the Hawaii Youth Challenge Academy to implement the program at the academy's Hawaii Island site.
 - Paloma Settlement, a program for adjudicated youth, now provides the Kahua Waiwai program to fulfill U.S. Department of Education requirements.

⁷ Descriptions of Financial Education in Your Community grant awards are available on the Foundation's website at www.finrafoundation.org/grants/awarded/community.

⁸ The following Financial Education in Your Community grant projects reached completion during the quarter: Aloha United Way (HI); Capital Area United Way (LA); United Way of Acadiana (LA); and United Way of the River Cities (WV).

- The Susannah Wesley Center integrated the Kahua Waiwai program into its Competency-Based Community School Diploma Program (CBase). In partnership with the Hawaii State Department of Education, CBase provides those without a high school diploma a way to earn a diploma through a network of community schools for adults.
- The University of Hawaii Center on Disability Studies has incorporated the Kahua Waiwai program as part of the education plan for high school students with physical and mental disabilities in a program at the University of Hawaii at Manoa.
- Developed assessment and evaluation plans and data collection tools.
 - Pre- and post-tests of training workshop participants showed that 100 percent increased their knowledge of banking, budgeting, investing, credit and asset management. Across all training cohorts, the participants increased their financial knowledge by an average of 11 percent. All participants also reported an improved ability to deliver financial education services to their youth clients. In addition, project leaders observed that workshop participants applied learning from the training in their own lives. For example, the investor education specialist with the Hawaii Office of the Securities Commissioner showed a video to training participants of recent Hawaii cases of securities fraud. Subsequently, four of the participants contacted her regarding potential fraud situations. Two cases were opened by the Hawaii Securities Office, and two were forwarded to the State Attorney General.
 - Pre- and post-workshop assessments collected from 557 of the 1,092 youth participants showed a significant increase in financial knowledge. In 2013, 95 youth had a 32 percent increase in financial knowledge, with the greatest increase (46 percent) in basic banking and budgeting. In 2014, 462 youth achieved a 21 percent increase in financial knowledge, with the greatest improvement (39.5 percent) on the topic of credit.
- With a \$139,700 grant, the United Way of the River Cities in Huntington, WV, partnered with local employers to provide financial education training for low- to moderate-income employees.

During the project term, United Way:

- Prepared a marketing profile and “Financially Fit in the River Cities” materials, and launched a marketing and public relations initiative that included a one-on-one recruitment campaign with local employers. Participating employers from across sectors included the City of Huntington, West Virginia Steel Products, the Huntington Housing Authority, Huntington Mall and the largest area hospital, among others.
- Recruited and trained a group of volunteer coaches and instructors.
- Created a Financially Fit resource webpage and Facebook page.
- Completed five-week workshops for 468 employees earning an average of \$38,535 per year. Income tax return assistance was also provided at each participating site.
- Designed and implemented an evaluation strategy in cooperation with West Virginia University Extension. Among participants:
 - 25 percent engaged in some type of follow-up coaching or training activity
 - 90 percent increased confidence about their financial situation

- 90 percent demonstrated improved money management and decision-making skills
- 89 percent reported declining debt balances

Three quarters of the participants were women, and nearly all had attained a high school degree or GED (28 percent) or more (69 percent).

- Established a partnership with the West Virginia Alliance for Sustainable families to provide ongoing assistance for clients through a support group. During monthly Financial Fitness Friday programs, participants take part in interactive exchanges, discuss their goals, share information and work together to improve their financial situation.

The grantee reports that participating employers are continuing the program and that recruitment efforts to engage new employer partners are ongoing.

- iii. **Investor Advocacy Clinic Grant Program** – The Investor Advocacy Clinic Grant Program provides start-up funding and assistance to law schools that are well-positioned to establish clinics offering legal advice and other help for underserved investors. Since 2009, the Foundation has awarded eight Investor Advocacy Clinic grants. Two schools continue to operate Foundation-funded clinics serving the investing public, counseling small investors, representing those with viable claims, and educating the general public about investments and how to avoid financial fraud. Since last reported:

- **Georgia State University** created and launched an awareness campaign that included student statements about what clinic participation meant for them. The campaign was carried by the law school's print and video outlets. For the spring 2015 semester, the clinic director selected four students among 24 applicants and retained one student as a graduate research assistant. The clinic received two new potential client inquiries that remain under investigation. Students continued to provide regularly scheduled financial education presentations for area ROTC cadets, and prepared and delivered an investor outreach presentation for 30 retirees at a senior living community in northern Atlanta.
- **Michigan State University** selected and provided training for eight students from among 14 applicants to staff its clinic for the spring 2015 semester. These students settled three additional cases, bringing the aggregate value of cases settled by the clinic to \$137,300. Students are also continuing community outreach activities at locations such as senior centers and libraries.

B. Targeted Projects

As described in detail below, the Foundation continued to support ongoing targeted projects during the quarter: the Military Financial Readiness Project; the Investor Protection Campaign (IPC); the National Financial Capability Study (NFCS); the Teen Financial Literacy Project; and two Capacity-Building Staff Training Programs.

- i. **Military Financial Readiness Project** – We continued using research, partnerships and outreach to deliver high-quality information and tools to the military. Primary activities for the quarter included: regular interaction with project partners such as the Department of Defense (DoD), AFCPE, BBB Military Line and Military Saves; briefings with military leadership; direct and indirect engagement with PFMs, military families and spouse fellows; communications and media planning with public relations consultant, GMMB; and distribution of tools and resources to help military families manage their money with confidence.

As in prior years, we dedicated resources during the period to support Military Saves Week (the last week of February). 2015 has been an especially strong year for this campaign.

Over 33,100 military members pledged to save, and 90 percent were first-time pledgers. More than 700 organizations participated. Foundation staff addressed nearly 500 military members during 16 presentations at eight different stateside venues. Forums included: Naval Weapons Station Yorktown and National Guard Bureau Headquarters, both in Virginia; the Marine Barracks in Washington, DC; Dyess AFB and Fort Bliss in Texas; Holloman Air Force Base in New Mexico; the Captain James A. Lovell Federal Health Center, a joint DoD/VA medical facility, in North Chicago, Illinois; and the U.S. Coast Guard Operations Systems Center in West Virginia. At some of the venues, we co-presented with our investor education colleagues at the SEC. We also staffed the Military Saves Week exhibit at the Pentagon and provided Foundation materials for several similar events, including one hosted by the U.S. Southern Command (SOUTHCOM). The Foundation again offered Military Saves pledgers access to a free myFICO[®] score. Nearly 10 percent (approximately 3,200) redeemed the code and received a score, consistent with the redemption rate in prior years.

Distribution of tools and resources for service members and their families continued during the period.⁹ Through April 30, we provided access to the myFICO[®] credit score management and education tool to more than 11,000 military families during 2015. The tool is offered to active duty service members and their spouses at Foundation forums and by military financial educators, spouse fellows, counselors, relief societies and the National Guard, both in face-to-face counseling and through classroom instruction. Middle-grade enlisted members (E-4 through E-7) and officers (O-3 through O-5), the most vulnerable audiences according to Foundation research, are the heaviest myFICO[®] users.

The application window for the 2015 FINRA Foundation Military Spouse Fellowship¹⁰ closed April 17. We received 588 applications for the 50 available Fellowships. The selection committee will meet in early June, and the new class will be notified and begin their studies over the summer. From program inception in 2006 through April 2015, our Spouse Fellows have logged more than 400,000 practicum hours in their communities. During the first four months of 2015, military spouse fellows conducted 2,320 counseling sessions for 2,350 clients, as well as 217 classes reaching 3,780 participants. More than 475 participants in the program have earned Accredited Financial Counselor[®] status, with another 130 actively pursuing the credential. Graduates continue to serve in significant positions throughout the military community, and several organizations are discussing opportunities to harness fellowship graduates and trainees to deliver financial counseling to the military and veteran community.

Throughout the period, we continued working with two key partners to provide professional training and development to military educators. First, we collaborated with the Association for Financial Counseling and Professional Development (AFCPE) on updating and delivering professional development courses created in partnership with the Foundation.

⁹ The Foundation incurred increased costs for materials production and distribution during the period as we replenished supplies depleted through distribution to military families. The most significant production costs were incurred for updating and reprinting our Military Kits and related educational material. We also incurred increased distribution costs as financial educators placed orders in advance of Military Saves Week.

¹⁰ As reported previously, the FINRA Foundation Military Spouse Fellowship provides military spouses with the training they need to earn the Accredited Financial Counselor[®] (AFC[®]) designation. This accreditation, in turn, equips military spouses with marketable job skills and the resources and expertise they need to help military families overcome financial obstacles. The Military Spouse Fellowship is implemented in partnership with the Association for Financial Counseling and Planning Education (AFCPE) and the National Military Family Association.

During 2015, four distinct courses will be offered to Personal Financial Managers (PFMs).¹¹ AFCPE delivered the “Financial Checkup Refresher” to over 130 PFMs in April. Other courses will follow in May, July and September. After the live sessions, the courses are also made available as on-demand webcasts for PFMs and Spouse Fellows. Second, the BBB Institute made progress in developing a new workshop focused on higher education that local BBBs will deliver to military audiences. The session covers four key areas: deciding whether to pursue higher education post-military service; school selection; financing options including GI Bill benefits; and scam awareness and prevention. The workshop will be field tested and offered to BBBs during training in late June.

The Foundation’s 2015 paid media campaign for the Military Project features a combination of search-term advertising (on Google, Bing and Yahoo!) plus fan acquisition and promoted posts on Facebook. We launched the campaign in March, and it will continue through year-end.¹² In the first month, paid search resulted in 1,125 clicks to SaveAndInvest.org at an average cost-per-click of \$1.76. GMMB, the Foundation’s public relations consultant, regularly optimized the campaign to ensure we serve the most relevant messages and drive traffic to the site while keeping costs low. Facebook advertising for our SaveAndInvest.org fan page yielded 1,495 engagements with Foundation content at an average cost-per-action of \$0.63 (less than our 2014 year-end cost-per-action of \$0.74). As of April 30, the Military Project’s Facebook page had nearly 38,000 likes. We regularly post new and engaging content, linking users to action plans and helpful tools. We also distributed monthly newsletters to more than 25,000 subscribers.

Several of our military outreach activities were covered by local media during the period, further expanding the project’s reach. Our visit to Naval Weapons Station at Yorktown was picked up by Navy.mil on February 19, and Foundation staff was interviewed for “Home and Family Finance” radio, which airs in military overseas markets by American Forces Radio, for a general piece about military money management. DoD’s American Forces Network continued to create, at no charge, video “Hot Spots” using Foundation content. These spots air on overseas military media networks and are hosted on YouTube.

Finally, we worked with GMMB on updates to the Foundation’s SaveAndInvest.org website. The update will refresh the site design, streamline content, fill content gaps and create a clear path for users who visit the website to find the most relevant content for them. Implementation of the new design is scheduled for the third quarter. Moneytopia—our immersive e-learning game—had over 16,400 game plays in 2014 and over 10,000 plays during the first four months of 2015, bringing the total to over 165,000 plays since launch in September 2008. The game continues to attract players (including strong use by teachers and students) and to drive traffic to the website.

- ii. **Investor Protection Campaign** – The Foundation’s research-based campaign is intended to help investors understand how they might be susceptible to investment fraud and to replace risky investment behaviors with fraud detection and prevention behaviors. Primary activities in the period included: outreach to investors; delivery of fraud prevention and detection training programs; distribution of materials; communications and media planning with our public relations consultant, GMMB; and release of new fraud-related research.

¹¹ Each eight-hour course consists of multiple online, instructor-led modules that help military financial educators stay abreast of key issues and better assist military families.

¹² The invoice for the Military Project’s 2015 paid media plan was processed after depletion of the Global Settlement Funds. Therefore, no expenses are reflected in the “Paid Media and Public Awareness” line item of Military Expenses in Section III. Accounting of Receipts and Expenses for Global Settlement Funds.

National partnerships¹³ continue to serve as a key mechanism for distribution of important fraud prevention messages. With support of our partners, we reached over 5,500 consumers, law enforcement professionals and victim advocates in 20 different states in the first four months of 2015 with the *Outsmarting Investment Fraud* curriculum. This includes 14 events in which the Foundation directly participated, and another 100 in which our partners presented the Foundation's messages. These figures comprise a combination of consumer outreach and law enforcement and advocate trainings. Our partners—including the Alliance for Retired Americans, BBBs, First Nations Development Institute, the National Center for Victims of Crime (NCVC), crime prevention organizations and campaign consultants—held programs at local community centers, churches, senior living communities, law enforcement training facilities and businesses. The Foundation and our partners also held several national webinars, including two for staff of the Department of the Interior's Office of the Special Trustee for American Indians. In addition to conducting outreach to consumers, the National Crime Prevention Council (NCPC) initiated development of an online training course for crime prevention practitioners using our curriculum and materials. The course will be integrated into NCPC's learning management system and offered for credit towards the National Crime Prevention Specialist certification (maintained by NCPC).

Working with First Nations Development Institute, we furthered our reach into Indian Country with important fraud prevention messages. In April, we mailed the Foundation's *Taking Action* publication to 240 tribal court judges and 75 executive directors of community development financial institutions for Native Americans. In addition, we co-authored an investor alert with First Nations. The alert offers smart money management tips and fraud prevention resources to Native Americans who may be receiving lump sums associated with Minors Trust Payouts, the Land Buy-Back Program for Tribal Nations and recent lawsuit settlements.

As part of a Foundation-funded Spanish-language initiative, the ASPIRA Association released a series of radio and television PSAs and video vignettes and launched a website, PrevenciondelFraude.com. Both Vme-TV and HITN-TV broadcast the video assets and linked to the website throughout the reporting period. Reaching more than 70 million households in the United States, Vme is broadcast in 43 markets by public television stations and is available on many cable and satellite networks. The Hispanic Information and Telecommunications Network (HITN) reaches 42 million households through satellite and cable distribution. Sistema TV in Puerto Rico also broadcast the video components, and iHeartMedia and UnoRadio Group affiliates aired the radio PSAs.

The Foundation-funded Fraud Fighter Call Centers—two operated by the AARP Foundation and one by the National Telemarketing Victim Call Center—continued to conduct proactive peer counseling for vulnerable consumers and victims of financial fraud. During the first quarter of 2015, the call centers provided fraud prevention counseling to approximately 6,000 investors nationwide, as well as indirect counseling in the form of a scripted voicemail message¹⁴ to another 23,400.

¹³ The Foundation incurred costs in the period for the following outreach partners: ASPIRA Association; AARP Foundation; Alliance for Retired Americans; BBB Institute for Marketplace Trust; National Crime Prevention Council; National Telemarketing Victim Call Center and First Nations Development Institute. These expenditures are allocated to the "Outreach Partnerships" line item of IPC Expenses in Section III. Accounting of Receipts and Expenses for Global Settlement Funds.

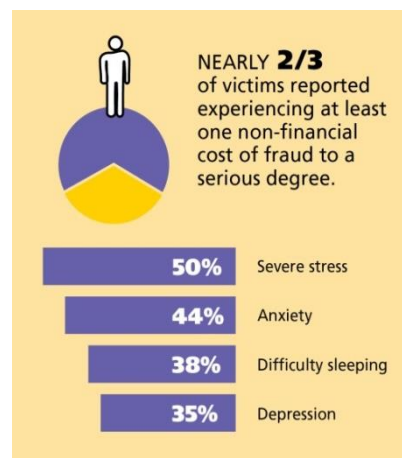
¹⁴ In an earlier program evaluation, the AARP Foundation and Stanford University found that even those individuals receiving a voicemail message showed an increase in knowledge of how to avoid fraud compared to a control group. Call centers report results on a quarterly basis.

We worked alongside Maryland Public Television (MPT) and Rocket Media Group to promote and distribute *Thinking Money: The Psychology Behind our Best and Worst Financial Decisions*, the Foundation's behavioral finance documentary. Since its release in mid-October 2014, the program has aired in over 58 percent of the country's media markets, including seven of the top 10 markets. The online streaming version on MPT.org has received more than 13,000 views. Public television stations may choose to air the program at any time for up to two years. In April, the film received two Telly Awards (Broadcast Television Programs, Information and Animation categories) and an EIFLE (Excellence in Financial Literacy Education) Award for Best Adult Education Program on Money Management. Further, Vme-TV dubbed the full documentary into Spanish and began airing across their network of Spanish-language public television channels.

In preparation for release of the *Con 'Em If You Can* video game, we collaborated with the Doorways to Dreams (D2D) Fund throughout the period.¹⁵ Since last reported, we fine-tuned the game and launched the mobile phone and tablet versions, which are available in the iTunes and Google Play app stores. All formats of the game are accessible through ConEmIfYouCan.org. We worked with our public relations consultant, GMMB, during the period to design advertising creative. Our promotion will begin in June.

We continued resource dissemination and social media outreach, and initiated a limited paid media campaign. Running distribution totals through the first four months of 2015 include 24,600 *Fighting Fraud 101* brochures, 15,200 *Thinking Money* DVDs and 3,800 *Taking Action* victim advocate guides, in addition to other publications and materials. Our Facebook page now has more than 25,300 fans, and we regularly post content referring users to Foundation resources, Investor Alerts, news articles and helpful tools. Our 2015 paid advertising campaign launched in March, combining search-term advertising on Google, Bing and Yahoo! with fan acquisition and promoted posts on Facebook.¹⁶ Foundation staff continued to work with GMMB to monitor and optimize the advertising in pursuit of an efficient, cost-effective campaign. In the first month, paid search resulted in 1,086 clicks to SaveAndInvest.org at an average cost-per-click of \$1.72. Facebook advertising for the FINRA Foundation page has yielded 1,550 engagements with Foundation content at an average cost-per-action of \$0.91. We will sustain the paid search and Facebook campaigns throughout the year.

In March, we released a research report entitled *Non-Traditional Costs of Fraud*. The report offers an in-depth look at financial fraud from the victim's perspective—how victims experienced the incident, their reactions and the potential psychological and emotional consequences. The study found that nearly two-thirds of self-reported financial fraud victims experienced at least one non-financial cost of fraud to a serious degree—including severe stress, anxiety, difficulty sleeping and depression. Beyond psychological and emotional costs, nearly half of respondents reported indirect financial costs associated with the fraud, such as late fees, legal fees and bounced



¹⁵ *Con 'Em If You Can* allows players to learn about the five key persuasion tactics most frequently used in investment fraud by adopting the persona of a fraudster. This approach promotes engagement and moves beyond quiz-style play through the appeal of transgressive role-play.

¹⁶ The "Paid Media and Public Awareness" line item of IPC Expenses in Section III. Accounting of Receipts and Expenses for Global Settlement Funds includes the costs for the 2015 paid advertising campaign, as well as costs for creative development and ad placement for *Con 'Em If You Can*.

checks. Twenty-nine percent reported incurring more than \$1,000 in indirect costs, and 9 percent declared bankruptcy as a result of the fraud. Interestingly, nearly half of victims blame themselves for the fraud—an indication of the far-reaching effects fraud can have on victims' lives.

The peer-reviewed journal *The Gerontologist* accepted a manuscript entitled *How Does Survey Context Impact Self-Reported Fraud Victimization?*, coauthored by researchers at the Foundation and the Stanford Center on Longevity. The experimental study, which was funded by the Foundation, found that the manner in which respondents are asked about fraud affects the rates at which they report fraud. The findings yield important insights for the field, as we grapple with how to improve the rate of reporting around fraud. Separately, the Financial Fraud Research Center (FFRC) continued to monitor another research project—jointly funded by the Foundation and AARP—examining the relationship between emotions and fraud susceptibility. Data collection was completed in April, and analysis is underway. A report is expected in September and will be released in coordination with AARP. Findings from the study will provide an empirical basis for developing interventions to inoculate investors against fraud.

The FFRC—working with the Foundation, the Department of Justice (DOJ) and the Federal Trade Commission (FTC)—completed the first version of a financial fraud classification system, or “fraud taxonomy.” The draft taxonomy and an accompanying report were sent to a broad array of researchers and experts in April to obtain input on the classification system. In addition, the FFRC submitted a Freedom of Information Act request to the FTC to obtain data from the agency’s Consumer Sentinel database. This data will be used to test and refine the fraud classification system. The Foundation is working closely with the FFRC and DOJ to develop survey questions that operationalize the classification system and to test the survey questions via a rigorous research process proposed by DOJ. Once the survey questions are finalized, the Foundation and the FFRC will seek, in collaboration with DOJ’s Bureau of Justice Statistics, to have the questions added to the National Crime Victimization Survey. Including these standardized questions in a federal government survey would profoundly improve the measurement of financial fraud in the United States.

Meanwhile, Foundation staff prepared a draft issue brief exploring the relationship between financial literacy and fraud susceptibility. The study links data from the Foundation’s 2012 Financial Fraud and Fraud Susceptibility Study with data from the 2012 NFCS. Researchers have found that greater susceptibility to financial fraud is associated with higher levels of financial literacy, even after controlling for income and other demographic variables.¹⁷ It is important to emphasize that the study neither undermines the importance of financial literacy nor suggests a causal link between financial literacy and fraud susceptibility. Instead, the study underscores the reality that fraud prevention may demand different tools, different approaches and different knowledge. We continued to refine the analysis to determine the extent to which overconfidence contributes to this correlation. The final issue brief, originally expected to be available in April, will be released during the second half of the year.

- iii. **National Financial Capability Study** – The National Financial Capability Study (NFCS) assesses the financial capability and literacy of U.S. adults. Implemented in collaboration with the President’s Advisory Council on Financial Capability, the Department of Treasury

¹⁷ Although this finding might seem counterintuitive, it aligns with a growing body of research, including earlier Foundation-funded research (Consumer Fraud Research Group, Investor Fraud Study Report, 2006). Moreover, this research reinforces the importance of delving deeper into the mechanics of, and investor responses to, investment fraud so that we can identify the audiences we most need to serve and to explicate effective interventions that reduce susceptibility.

and other agencies, the NFCS comprises data gathered in 2009 and 2012 using multiple surveys. Resulting publications are posted to the project website (www.usfinancialcapability.org).

During the period, Foundation staff prepared for a third wave of the NFCS. Foundation staff met regularly throughout the winter and early spring with representatives from the U.S. Treasury, the CFPB, the Global Financial Literacy Excellence Center, the Federal Reserve Board, the United States Military Academy and Applied Research and Consulting (ARC) to update the questionnaires for the core State-by-State and Military Surveys. The team solicited input from an additional 61 stakeholders and subject-matter-experts in March. The 2015 NFCS also includes a follow-up survey of respondents who self-identify as investors. This data, when combined with the original NFCS survey data, will yield rich and unique information on investor attitudes and behaviors. All survey instruments will be finalized by the end of May, and data collection will take place from June through October 2015. We will begin releasing data and reports in July 2016.

We also continued work on an issue brief that examines the financial knowledge and demographic profiles of investors. The issue brief, based on 2012 NFCS data, segments U.S. households into three groups: households with taxable investment accounts; households with only non-taxable investment accounts (i.e., primarily retirement accounts); and households without any investment accounts. The findings from this brief can be used to better understand the number and type of investing households in America, target investor education and highlight the need to improve opportunities for investing among minority households. We expect to publish the issue brief in the third quarter.

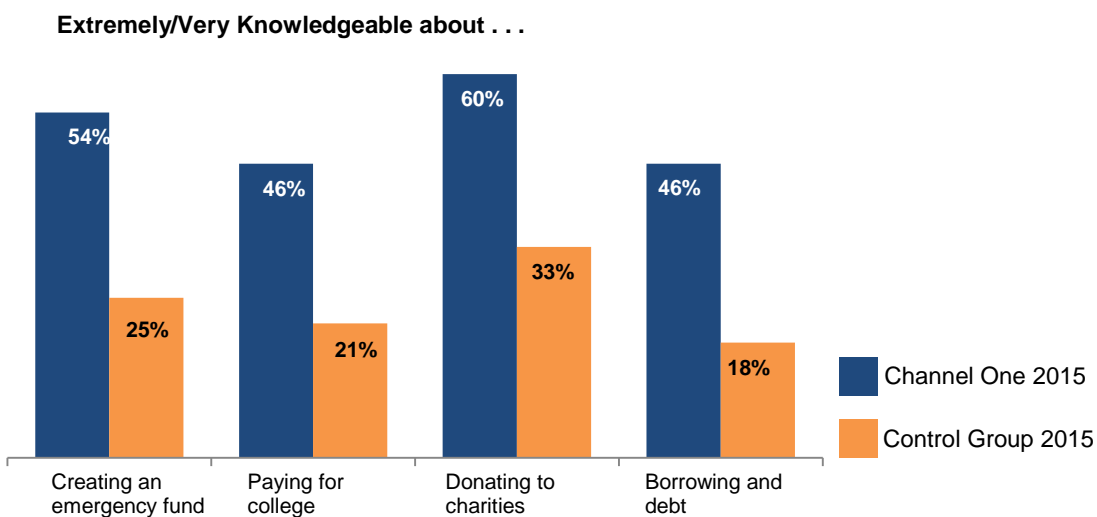
iv. **Teen Financial Literacy Project** – *Generation Money* is the FINRA Foundation's teen financial literacy initiative. For the past seven academic years, it has operated as a partnership with the Consumer Federation of America and Channel One News, with editorial guidance from CBS News. The program has used broadcast, print, and web media to address the personal finance topics that are most important for middle and high school students to understand and use in everyday situations as they assume financial responsibility in their lives. *Generation Money* has placed particular emphasis on the mathematics of personal finance. Over the years, students exposed to the campaign have evidenced more productive attributes and knowledge pertaining to saving, budgeting and credit management versus students in the control groups. Below are summary results from the 2014–2015 academic year. This is the final season of the FINRA Foundation's sponsorship of the program.

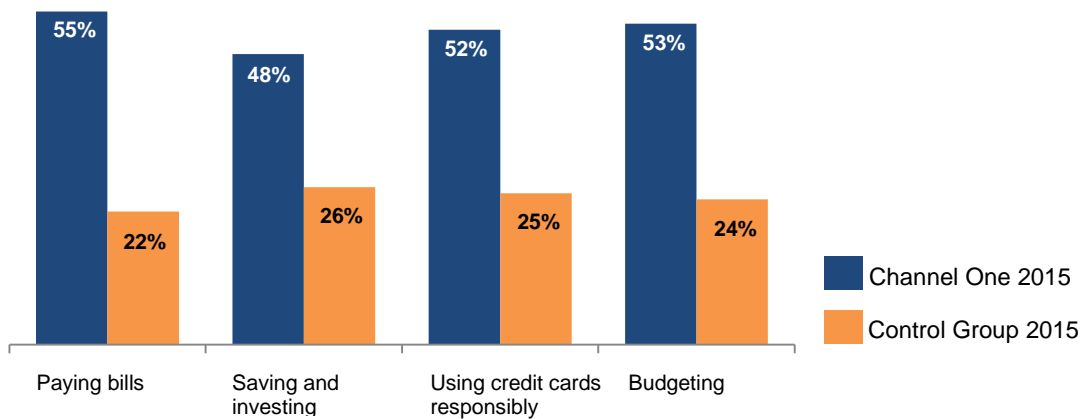
- The campaign for the 2015 academic year included eight feature news segments reaching approximately 5 million students and 200,000 educators. Topics included building and maintaining good credit; where your paycheck deductions end up; socially responsible businesses and how they shape teens' spending decisions; managing college costs and student loan debt; teen employment trends; and keeping spending within budget. Produced with CBS News, the feature segments achieved 33.6 million student impressions.
- The PSA series chronicling the personal finance choices of animated twins Taylor and Tyler achieved 53.3 million student impressions during the academic year. The latest installment began airing to 5 million secondary school students in January 2015. The PSA was recognized with a Telly Award for broadcasting excellence—the fifth Telly received by *Generation Money*.
- As in previous years, episodes from the campaign's PSA series were repurposed to reach military families, airing twice daily on nine American Forces Network channels (audience 1.5 million).

- Classroom discussion guides and promotions in Channel One's e-newsletter reached over 30,000 teachers and 4,000 schools in advance of each feature segment. In addition, web traffic to the *Generation Money* homepage resulted in 38,998 user interactions, including video plays, and financial game plays.
- The campaign expanded its lesson plan series on personal finance mathematics, with new units and exercises on cost of living, understanding human capital, and quantifying the job market using data from the Bureau of Labor Statistics. Like other lessons in the series, the new additions align with the Common Core State Standards for mathematics. The *Money Math for Teens* series now includes 14 lessons.
- *Generation Money* launched a new compound interest website app, which helps students improve their estimation skills related to interest compounding over the long term. It gives students the ability to manipulate variables and visualize outputs. During the period mid-January to May 2015, the app received 3,092 plays. Approximately 53.5 percent of game plays resulted in improved ability to estimate the impact of interest compounding on savings (based on a three-month sample of game plays).

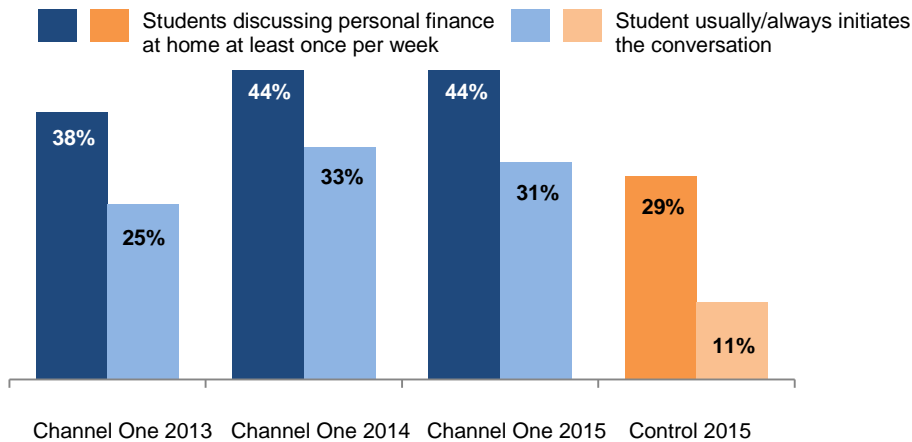
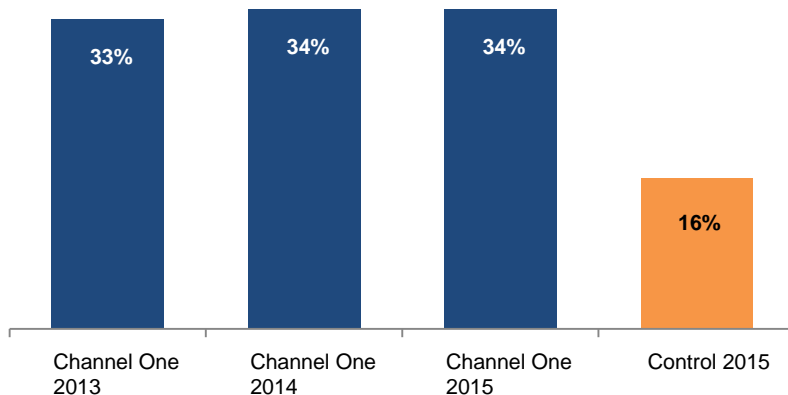
As with previous programming seasons, Channel One contracted with a third-party evaluator, MAi Research, to assess the campaign during the 2015 academic year.

- Overall recall of the *Generation Money* broadcast features was strong during the past school year, with 87 percent of Channel One students recalling at least one of the segments, up significantly from 80 percent in 2014 and 64 percent for the 2013 broadcast season. On average, each story was recalled by 36 percent of students during the 2015 academic year, up from 32 percent in 2014 and 26 percent in 2013. In 2015, stories about college student debt and teen employment had the highest rates of recall.
- In 2015, 49 percent of Channel One students were able to recall the latest PSA, up from 42 percent in 2014 and 33 percent in 2013.
- Consistent with the main themes for this year's campaign, Channel One students reported significantly higher confidence levels in their knowledge of essential money management topics:

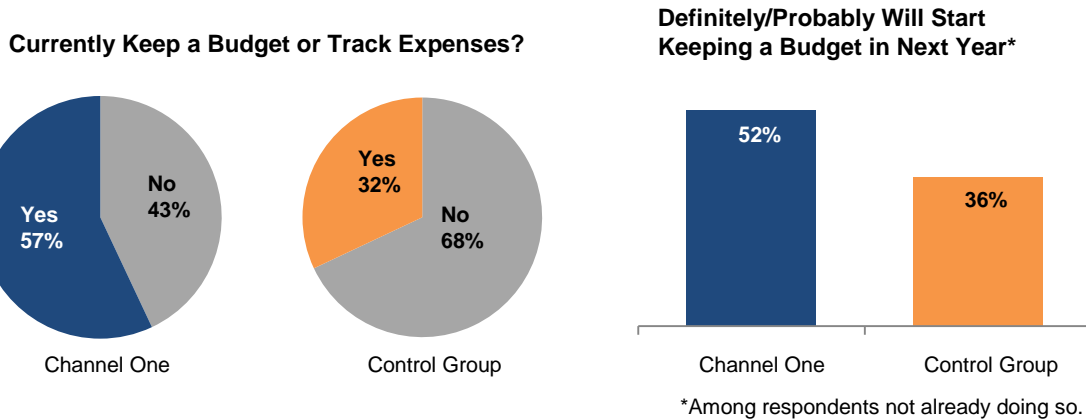


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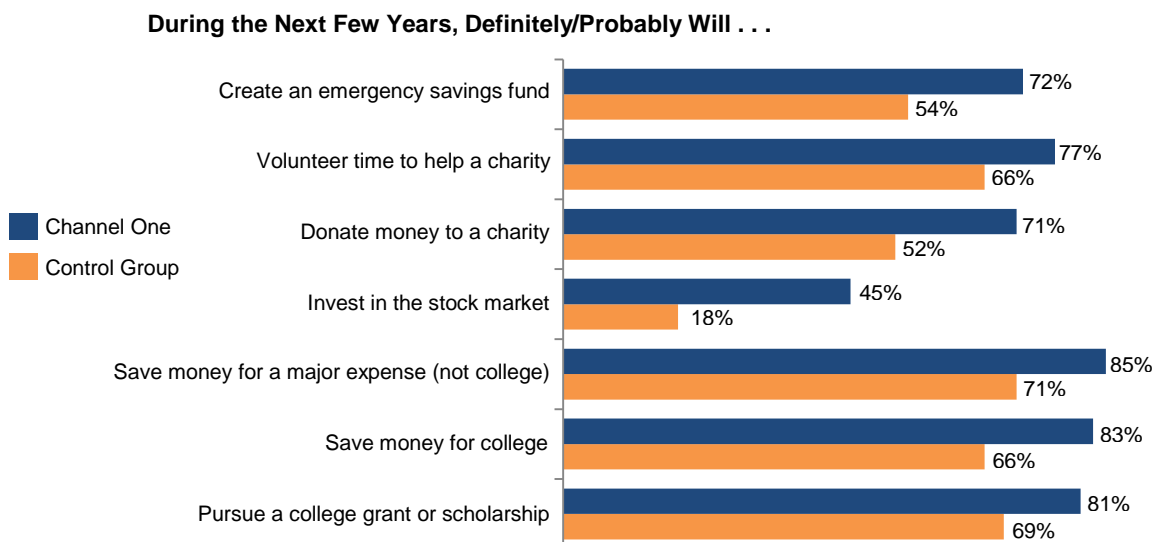
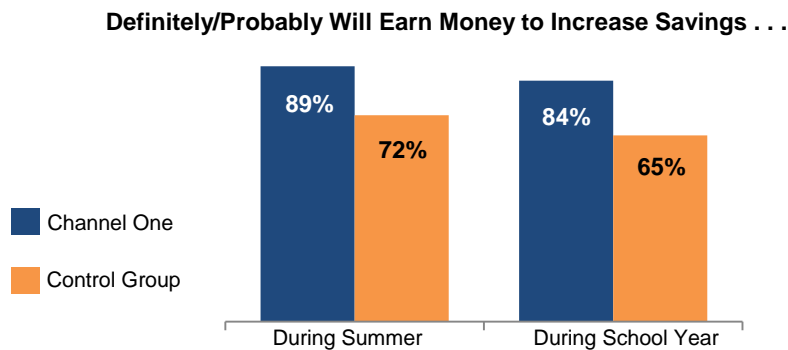
- Consistent with past campaign years, participating Channel One students are much more likely than control group students to speak with parents or other family members about finances, to initiate such family conversations, and to discuss personal finance topics in school:

Financial Discussions with Parents/Family, and Who Initiates**Students Discussing Personal Finance at Least Once Per Week in School**

- Nearly three in five students exposed to the campaign report that they currently keep a budget or track their expenses—almost double the number of students in the control group. Channel One students who are not currently keeping a budget are substantially more likely than non-Channel One students to say they will start doing so next year.



- Consistent with last year, Channel One students show greater interest in increasing their savings and in pursuing longer-term goals, including preparing financially for college.



v. **Capacity-Building Training Programs** – In 2014, the Foundation began development of two staff training programs. Both programs are intended as capacity-building efforts in support of personal finance education at the community level. One program, developed in partnership with United Way Worldwide, focuses on workplace financial education. The other program is a collaboration with the American Library Association that builds on the success of the Smart investing@your library[®] grantmaking program and aims to train public librarians to address the personal finance information and education needs of library patrons. Development of both programs continued into 2015 as described below.

a. **Workplace Financial Education Training** – In February, the Foundation and United Way conducted an interactive webinar for participants from the first Financial Capability@Work professional development institute, which was hosted in October 2014 by the United Way of Chittenden County in Burlington, Vermont. The webinar provided participants with the opportunity to reconnect, hear updates from the host site, ask questions, share ideas and resources, and provide feedback on draft tools. Five of the seven sites represented on the call reported that they had taken significant steps toward starting workplace financial capability programs of their own. These steps included:

- Securing funds to start the project
- Convening employer working groups
- Recruiting programming partners
- Recruiting credit unions willing to replicate the United Way of Chittenden County Employee Income Advance Loan
- Recruiting employer partners and conducting employer training
- Starting financial education workshops

The two sites that had not yet taken action indicated that they still intended to do so. All of the participants reported that they were using ideas and resources provided at the training.

In April 2015, the Financial Capability@Work initiative was featured prominently at the United Way Community Leaders Conference in Grapevine, Texas. The conference brought together nearly 1,200 local United Way staff leaders and their partners from across the country to learn about proven and replicable programs in the areas of education, income and health.

b. **Librarian Training** – The Foundation's work with ALA and its Reference and User Services Association to expand librarian training for financial education continued during the winter and spring. A centerpiece of the redesigned Smart investing@your library[®] website (<http://smartinvesting.ala.org/>) is a section devoted to staff training. The project team of consulting librarians and higher education faculty completed two new webinars—one on “Helping Library Patrons Put Their Financial House in Order” and another entitled, “Beyond the Basics of Personal Finance: Helping Library Patrons Help Themselves.” The new webinars complement the Foundation's 15-course online staff development program rolled out beginning in April. The online courses cover a full range of financial capability topics with the goal of improving reference services and related referrals. All of the new staff training resources will be made integral to any future grants and directed programming offered under the Smart investing@your library[®] initiative.

C. Administrative Matters

In February 2015, the FINRA Board of Governors approved a \$50 million contribution to the Foundation to help sustain core programs and position the Foundation for strategic success in the post-Global Settlement future. In March 2015, the Foundation Board approved, by unanimous written consent, retention of Ernst & Young LLP to perform a final audit of the Foundation's financial statements, as required by the Court Order. The audit—which commenced in late June and will be submitted to the Securities and Exchange Commission on or before August 31, 2015—covers the period from January 1 to April 30, 2015.

* * *

The Foundation Board did not meet during the four months ended April 30, 2015. No grants or targeted projects were approved or declined in the period.

II. **Strategic Plan for 2015**

As of April 30, 2015, the Foundation has fully distributed the Funds—including the \$55.0 million specified in the September 2, 2005 Order plus nearly \$5.0 million in accrued interest and dividends. Nevertheless, we are pleased to provide in this final report a forecast of future activity. Over the past decade, the combination of Funds with FINRA-contributed services and funds allowed the Foundation to become a leader in supporting important research and financial education initiatives leading to tangible benefits for individuals and families in all parts of the country. We remain committed to serving a leadership role in the field and to continue taking innovative projects to scale while carefully focusing our resources on effective, efficient and sustainable programs.

Throughout the remainder of the year, the Foundation will continue efforts to support existing grant projects and targeted projects. Board meetings are scheduled for June 16, August 18, September 29 and December 16, 2015.

A. **Grant Programs**

In addition to offering ongoing grant opportunities, the Foundation will continue to manage 75 active grant projects, nearly a third of which are scheduled for completion in 2015. Throughout the year, Foundation and partner staff will conduct site visits, focus groups and in-depth telephone interviews with grantees and their clients. In addition, the law schools operating clinics across the country will continue to serve the investing public through active counseling, representation and education of investors. Resources and research resulting from Foundation-funded projects are publicly available on the Foundation website, www.finrafoundation.org.

The Foundation will continue to accept and review new grant proposals for research and education projects. In 2015, the Smart investing@your library[®] and Financial Education in Your Community programs will complete a strategic shift that will emphasize the provision of professional training, public programming and other direct service designed to maximize the reach, influence and benefit of the effective practices developed by prior and existing program grantees. New grants made under these programs will be tailored to bring exemplary demonstration efforts to scale through state or regional action. In all grant programs, the Foundation places high priority on reaching and engaging a well-defined target audience, and encourages collaboration and strategic partnerships that facilitate effective marketing and distribution efforts.

B. **Targeted Projects**

- i. **Military Financial Readiness Project** – For the remainder of the year, we will continue to collaborate with partners to accomplish the Military Project's goals. In August, with AFCPE and the National Military Family Association, we will announce selection of another round of 50 Military Spouse Fellows. These new Spouse Fellows will begin their training in the fall. Candidates from earlier classes will continue their studies and outreach. We will also announce the availability of 30 scholarships for Spouse Fellows from prior classes to attend the AFCPE Research and Training Symposium in November (a key component of attaining and maintaining certification). Separately, AFCPE will implement three additional professional development courses for military financial educators. We will also continue to make the myFICO[®] tool available through personal finance managers and counselors. In June, we will train two dozen BBBs to conduct financial education workshops to military communities, including the newest course on investing in higher education. Military Saves will continue using social media, blogs and other outreach to promote the importance of saving. Other activities will include participation in outreach events, fielding of the Military Survey of the National Financial Capability Study, airings by American Forces Network a

series of “Hot Spots” promoting financial readiness tools and information, and execution and monitoring of a targeted advertising campaign to inform more military families of the free tools and resources available from the Foundation and our partners. We will continue our ongoing efforts to engage our target audience through social media, earned media and newsletter outreach. Finally, working with public relations consultant, GMMB, we will launch a refreshed and redesigned SaveAndInvest.org to improve the site navigation and provide visitors efficient access to the most relevant tools and information.

- ii. **Investor Protection Campaign** – We will directly engage consumers in fraud prevention through online tools, Foundation-staffed presentations, materials distribution and social media vehicles. On May 7, Maryland Public Television (MPT) will tape *Thinking Money: Practical Solutions*, a 26-minute live studio production. For the segment, business news host Karen Gibbs will moderate a discussion with three local financial experts, interspersed with clips from the full documentary and in front of a live studio audience consisting of graduates from the Financial Social Work program of the University of Maryland Baltimore County and local financial educators. MPT is packaging the segment for distribution to other public television stations in June. Also in June, the Foundation and the D2D Fund will begin to publicly promote *Con 'Em If You Can*, our video game that teaches consumers about the types of persuasion tactics used to perpetrate financial fraud so that they'll be better able to defend against them. Our promotions will include animated banner ads on a variety of websites, social media posts, outreach to and through media and partners, a press release, email newsletters and financial literacy events. We will also continue building awareness with consumers of the red flags of fraud and other Foundation resources through implementation and monitoring of a narrowly targeted paid advertising, earned media and syndicated content distribution.

Working with the National White Collar Crime Center and the National Center for Victims of Crime, we will hold professional development trainings on financial fraud for law enforcement, adult protection services agencies and other victim advocates in California, Delaware, Florida, Illinois, Tennessee, Utah and Wisconsin. First Nations Development Institute will continue outreach to Indian Country, including hosting a fraud prevention training for staff of the Office of the Special Trustee for American Indians in May. Meanwhile, we will support and train additional outreach partners with the BBB Institute for Marketplace Trust and the Alliance for Retired Americans. We will work closely with the ASPIRA Association to offer fraud prevention training for Hispanic-serving community-based organizations, public libraries and faith-based organizations. Moreover, our many law enforcement and consumer outreach partners will deliver important fraud prevention messages and materials locally throughout the year. This includes the network of volunteer-staffed Fraud Fighter Call Centers.

With respect to research, we will continue to advance our understanding of fraud prevalence, impact and interventions alongside the Financial Fraud Research Center (FFRC) at Stanford and Applied Research and Consulting (ARC). In June, the Stanford Center on Longevity (SCL) will complete the integration of the FFRC and its fraud prevention and detection efforts into SCL's financial security program (one of three core research divisions). SCL will no longer maintain a separate advisory council for the FFRC. Instead, the Foundation will join SCL's Board of Advisors such that the Foundation may continue to help shape the direction of fraud research and become involved more broadly with the SCL's work. This fall, we will release two research briefs. The first is a Foundation brief that explores the relationship between financial literacy and fraud susceptibility. Shortly thereafter, FFRC, AARP and the Foundation will coordinate release of an issue brief on the relationship between fraud susceptibility and emotional states. An academic version of the paper will later be submitted to a peer-reviewed journal. We expect *The Gerontologist* article on survey context to be published in late 2015 or early 2016. The

Foundation's research director recently accepted an invitation to join the Joint NAPSA-NCPEA Research Committee.¹⁸ Monthly meetings discuss the latest research on adult protective services, elder abuse and financial exploitation. In this way, we will contribute to the advancement of research on these important topics.

Looking ahead on the fraud taxonomy project, we will work with FFRC and ARC to develop and test survey questions that will accurately classify responses. Once the cognitive testing of the survey questionnaire is completed and the survey finalized, we will field test the questionnaire to both establish a benchmark of fraud victimization based on the taxonomy and identify additional frauds, advertising and purchase settings not captured in the current taxonomy framework. The research team will send the survey questions resulting from the classification system to the Census Bureau for review in 2016. If the questions are accepted and included in the National Crime Victimization Survey (NCVS), we expect them to be fielded in a mid-2017 module of the NCVS with reports following in 2018.

- iii. **National Financial Capability Study** – We will begin data collection for the 2015 NFCS in June and continue through October 2015. After collection and analysis, the Foundation will begin releasing data and reports in July 2016. The investor brief under development from the 2012 NFCS data will be released in the second half of 2015. We are also preparing two additional issue briefs using the 2012 NFCS data, one examining the financial pressures and circumstances of generation X relative to the millennials and the baby boomers and another examining the financial capability of Native Americans. Both are slated for publication in late 2015 or early 2016. In addition, we will work with the Social Security Administration (SSA) to combine the American Life Panel version of the NFCS with the American Life Panel version of the Health and Retirement Study. By combining the datasets, the SSA and the Foundation aim to create a richer data source that researchers can use to examine a wider breadth of financial capability-related issues. We will release the combined dataset in the fall of 2015.
- iv. **Teen Financial Literacy Project** – As noted above, the 2014–2015 academic year is the final season of Foundation support for the *Generation Money* campaign.
- v. **Capacity-Building Staff Training Programs** – Advisory committees and program staff for the two capacity-building staff training programs will continue to convene to shape content, organization and delivery of the programs. In the coming months, we will finalize and release the *Financial Capability@Work Toolkit: A Guide for Nonprofit Agencies to Providing Financial Education and Related Resources in the Workplace*. The toolkit provides tips and other key information to help users apply the material to their communities. Financial Capability@Work will be featured as part of a discussion on promising innovations in workplace savings at the Consumer Federation of America's National Savings Forum in May. The next professional development institute will be hosted by the United Way of Northeast Florida in November 2015. The following month, Step Up Savannah will share learning from the initiative at a quarterly meeting of the Cities for Financial Empowerment Coalition.

Foundation staff and leaders from selected Smart investing@your library[®] sites will deliver a presentation at ALA's Annual Meeting in San Francisco on community engagement for financial education in June. Foundation staff will also join with representatives from the Consumer Financial Protection Bureau and the Federal Reserve Bank of Chicago to host a session at the ALA Annual Meeting on the elements of successful financial education

¹⁸ NAPSA is the National Adult Protective Services Association. NCPEA is the National Committee for the Prevention of Elder Abuse.

programming at libraries. In other outreach to the profession, staff has worked with the Smart investing@your library® evaluator to prepare articles for library publications. In addition, the program evaluator and project leaders from the Nebraska Library Commission, the San Diego Public Library and the Santa Clara County Library have prepared chapters for a forthcoming volume on the *Library's Role in Supporting Financial Literacy for Patrons*, to be published by Rowman & Littlefield. The American Library Association and the Foundation will continue to promote and maintain the staff training courses and tools recently incorporated into the Smart investing@your library® website.

- C. Administrative Matters** — Board meetings are scheduled for June 16, August 18, September 29 and December 16, 2015. Two public members of the Foundation Board will complete their service in December. New Board members will be appointed by the sole member of the Foundation (FINRA), in accordance with the Foundation's bylaws and certificate of incorporation.

III. Accounting of Receipts and Expenses for Global Settlement Funds

For the four months ended April 30, 2015, the Foundation incurred \$4.5 million in expenses of which \$2.5 million was allocated to (and paid from) Global Settlement Funds, and \$2.0 million was allocated to (and paid from) FINRA Funds.

The following table presents the receipts and expenses applicable to the Global Settlement Funds for the four months ended April 30, 2015.

	YTD April 30, 2015 ⁽¹⁾
Receipts and Receivables:	
Dividend Income ⁽²⁾	\$ 49
Total Receipts and Receivables	49
Expenses:	
Grant Programs ⁽³⁾	
General Grant Program	35,439
Library Grant Program	536,192
United Way Grant Program	756,896
Investor Advocacy Clinic	87,500
Grant Programs Total	1,416,027
Targeted Projects	
<i>Military Financial Readiness Project ⁽⁴⁾</i>	
a. Research	
Topic and Audience Research	-
Program Evaluation	-
Research Sub-Total	-
b. Educational Programs and Partnerships	
Website and Online Tools	54,799
Personal Financial Manager Programs	-
Military Spouse Programs	36,400
Partnerships	38,500
Educational Programs and Partnerships Sub-Total	129,699
c. Outreach Campaign	
Paid Media and Public Awareness	-
Public Relations and Other Consultants	23,104
Materials Production and Distribution	102,659
Forums, Events and Travel	1,737
Outreach Campaign Sub-Total	127,500
<i>Military Financial Readiness Project Total</i>	257,199
<i>Investor Protection Campaign ⁽⁵⁾</i>	
a. Research	
Financial Fraud Research Center	35,000
Topic and Audience Research	-
Program Evaluation	-
Research Sub-Total	35,000
b. Educational Resources and Programs	
Website and Online Tools	6,159
Curriculum and Documentary - Outsmarting Investment Fraud	8,400
Training Programs	47,390
Educational Resources and Programs Sub-Total	61,949
c. Outreach Campaign	
Paid Media and Public Awareness	157,500
Public Relations and Other Consultants	35,011
Outreach Partnerships	190,750
Materials Production and Distribution	19,319
Forums, Events and Travel	8,134
Outreach Campaign Sub-Total	410,714
<i>Investor Protection Campaign Total</i>	507,663
<i>National Financial Capability Study ⁽⁶⁾</i>	6,793
<i>Teen Financial Literacy Project ⁽⁷⁾</i>	166,297
<i>Capacity-Building Staff Training Programs ⁽⁸⁾</i>	39,343
Targeted Projects Total	977,295

Accounting of Receipts and Expenses for Global Settlement Funds (continued)

	YTD April 30, 2015
General and Administrative	
Program Related	
Grant Administration ⁽⁹⁾	34,874
Program Related Sub-Total	34,874
Other	
Contract Services ⁽¹⁰⁾	12,373
Travel and Meetings ⁽¹¹⁾	6,308
Postage, Printing and Other ⁽¹²⁾	15,263
Other Sub-Total	33,944
General and Administrative Total ⁽¹³⁾	68,818
Total Expenses	\$ 2,462,140

(1) Expenses reflect the period January 1 to April 30, 2015.

(2) Dividend Income reflects income earned on the Global Settlement Funds, which were invested in a U.S. treasury fund consistent with the terms of the Settlement.

(3) Grant Programs consist of expenses related to grants to other organizations approved by the Foundation's Board. These grants align with the Foundation's strategic priorities. They are paid in installments based on the achievement of project milestones or adequate progress toward deliverables. Grantees that complete their projects under budget are required by the terms of the grant agreement to return unspent grant funds to the Foundation. This accounts for any negative amounts shown on this schedule. For more detail concerning payments to individual grantees, please see Exhibit B.

(4) Military Financial Readiness Project consists of costs related to ongoing research, partnerships and outreach to deliver high-quality information and tools to military service members and their families.

(5) Investor Protection Campaign consists of expenses related to research, education and outreach aimed at educating investors and reducing the incidence of investment fraud.

(6) National Financial Capability Study is composed of costs to benchmark key indicators of financial capability and evaluate how these indicators vary with underlying demographic, behavioral, attitudinal and financial literacy characteristics.

(7) Teen Financial Literacy Project consists of costs related to Generation Money: Improving the Financial Literacy of America's Teens. This is conducted in partnership with the Consumer Federation of America and Channel One News as the chief service provider. Generation Money teaches students how to be money savvy and financially fit by exploring concepts such as compound interest, budgeting, credit, debt and investing.

(8) Capacity-Building Staff Training Programs provide ongoing support for the Foundation's Smart investing@your library® program in partnership with the American Library Association and the Financial Education in Your Community collaboration with United Way Worldwide. Both are developing tailored training strategies and prototypes in support of financial education service delivery at the community level, specifically focusing on opportunities at public libraries and in the workplace.

(9) Grant Administration expenses consist of costs for United Way Worldwide and the American Library Association for support services provided to the Foundation in developing, administering and maintaining grant programs. This includes providing day-to-day administrative support to Foundation staff, as well as reviewing and preparing overviews of all grant and project proposals

(10) Contract Services consist of recurring audit fees, software license, investment management fees and legal costs.

(11) Travel and Meetings consist of related expenses incurred in managing active grant projects, attending symposia and meeting with prospective grant applicants as well as Board member travel.

(12) Postage, Printing and Other consist of general administrative postage, storage and shipping costs, printing and publications costs, investment custody fees and miscellaneous expenses.

(13) FINRA contributes services to the Foundation in the form of management oversight, program staff and certain administrative services, including communications, legal, financial, tax and treasury. The value of these services, which are provided by FINRA at no charge to the Foundation, is excluded from the table. For the four months ended April 30, 2015, the value of the contributed services is estimated to be approximately \$1.1 million.

Exhibit B
Detail of Grant Payments for Global Settlement Funds

	Year Approved	Approved Amount	YTD April 30, 2015
Grant Programs ⁽¹⁾			
General Grant Program			
Operation HOPE (2014)	2014	\$ 114,384	\$ 22,877
University of Kansas School of Social Welfare	2014	41,875	12,562
General Grant Program Sub-Total			<u>35,439</u>
Library Grant Program			
Appalachian Regional Library System	2014	40,965	20,482
Central Library of Rochester & Monroe County	2013	40,956	20,478
Chesterfield County Public Library (2013)	2013	54,796	27,398
Chicago Public Library	2014	70,000	35,000
Clayton County Library System	2014	70,000	35,000
Edwin A. Bemis Public Library	2014	50,645	25,323
Emmet O'Neal Library (2014)	2014	53,900	26,950
Fulton-Montgomery Community College Library	2014	63,972	31,986
Glen Carbon Centennial Library	2013	38,213	19,106
Hawaii State Public Library System	2014	70,000	35,000
Idaho Commission for Libraries	2013	49,710	24,855
Kansas City Public Library	2014	70,000	35,000
Lake Region State College Library	2014	54,075	27,038
Montrose Regional Library District	2014	66,213	33,107
Patchogue-Medford Library	2014	41,826	20,913
Pioneer Library System (2014)	2014	27,704	13,852
Salt Lake County Library Services	2014	69,300	34,650
San Diego Public Library (2014)	2014	70,000	35,000
Springdale Public Library	2013	23,839	11,919
Virginia Beach Public Library (2014)	2014	46,270	23,135
Library Grant Program Sub-Total			<u>536,192</u>

Detail of Grant Payments for Global Settlement Funds (continued)

	Year Approved	Approved Amount	YTD April 30, 2015
United Way Grant Program			
Baltimore CASH Campaign	2014	89,342	44,671
CCCS of Delaware Valley (Clarifi)	2014	99,260	49,630
Innovative Changes	2014	59,059	29,529
Metro United Way, Inc.	2014	85,298	42,649
Mission Economic Development Agency	2013	105,000	52,500
Neighborhood Economic Development Corporation	2014	105,000	52,500
Northwest Side Housing Center	2014	87,500	43,750
Step Up Savannah (2013)	2013	105,000	52,500
United Way for Greater Austin (2014)	2014	105,000	52,500
United Way in Waukesha County	2014	105,000	52,500
United Way of Central Indiana	2014	82,625	41,312
United Way of Chittenden County (2013)	2013	104,720	52,360
United Way of Monroe County	2014	73,246	36,623
United Way of Story County	2014	80,473	40,237
United Way of the Inland Valleys (2014)	2014	87,270	43,635
United Way of Wayne and Holmes Counties	2013	35,000	17,500
YWCA of Seattle King Snohomish	2013	105,000	52,500
United Way Grant Program Sub-Total			756,896
Investor Advocacy Clinic			
Georgia State University College of Law	2012	175,000	43,750
Michigan State University College of Law	2012	175,000	43,750
Investor Advocacy Clinic Sub-Total			87,500
Grant Programs Total			\$ 1,416,027

- (1) Grant Programs consist of expenses related to grants to other organizations approved by the Foundation's Board. These grants align with the Foundation's strategic priorities. They are paid in installments based on the achievement of project milestones or adequate progress toward deliverables.